

UNITED STATES BANKRUPTCY COURT

Eastern District of California

Honorable Ronald H. Sargis

Chief Bankruptcy Judge

Modesto, California

March 25, 2021 at 2:00 p.m.

1. [19-90751-E-7](#) **KAMALDIP DHAMI**
[19-9021](#)
WILMINGTON TRUST, NATIONAL
ASSOCIATION V. DHAMI

PRE-TRIAL CONFERENCE RE:
COMPLAINT OBJECTING TO
DISCHARGE OF DEBTOR
12-16-19 [1]

The Pre-Trial Conference is XXXXXXX

SUMMARY OF COMPLAINT

Wilmington Trust, N.A., as Trustee (“Plaintiff”) filed its Complaint (Dckt. 1) on December 16, 2019, objecting to the Defendant-Debtor being granted a discharge in his Chapter 7 Case. The allegations in the Complaint include:

A. Plaintiff holds a judgment against the Defendant-Debtor and one of Defendant-Debtor’s corporations, Kirksville Hospitality, Inc. The judgment is for \$3,381,117.17.

B. Plaintiff alleges that the following statements made by the Defendant-Debtor under oath in the bankruptcy case were not true:

1. Defendant-Debtor stated that he had no income from employment or business during the current and two years proceeding the filing of bankruptcy. However, it is alleged that during that time Defendant-Debtor was working as a real estate agent and receiving commissions.
2. Defendant-Debtor stated that he did not make any gifts to any person with a total value of more than \$600.00 in the two years preceding the commencement of his bankruptcy case. However, it is alleged that Defendant-Debtor transferred a half interest in the Bridget Marie Drive property to his sister in November 2017, which is within two year of Defendant-Debtor filing his Chapter 7 case on August 19, 2019 (Case No. 19-90751).

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3. Defendant-Debtor stated that within four years of filing bankruptcy he only owned or had an interest in Kirksville Hospitality, Inc. and Kirksville Hotel Management, LLC. However, it is alleged that Defendant-Debtor owned or had an interest in Gold Management, Inc., HS Gold Mine, LLC, K&K Gold, LLC, and Dhami Investments, LLC.
4. Defendant-Debtor stated that he did not hold negotiable or non-negotiable notes; however, it is alleged that Defendant-Debtor was the holder of three promissory notes totaling more than \$350,000.
5. Defendant-Debtor stated that there were no tax refunds due him; however, it is alleged that Defendant-Debtor failed to disclose that he was entitled to a \$3,000 tax refund.
6. Defendant-Debtor stated that he did not own or have any legal or equitable interests in any business related property and that no property transfers had been made within two years of Defendant-Debtor filing his bankruptcy case. However, it is alleged that Defendant-Debtor had a legal or equitable interest in various properties, including:
 - a. 7041-7047 W. Florissant Ave., St. Louis, Missouri;
 - b. 9955 Lewis and Clark Blvd., St. Louis, Missouri;
 - c. 1101 E. Normal, Kirksville, Missouri;
 - d. 13210 New Halls Ferry Rd., Florissant, Missouri;
 - e. 19 Dunn Rd., Florissant, Missouri;
 - f. 7116 Page Ave., St. Louis, Missouri;
 - g. 1801 N. Baltimore St., Kirksville, Missouri;
 - h. 2324 Lake Ave., Fort Wayne, Indiana;
 - i. 7000-7010 Hughson Ave., Hughson, California;
 - j. 1801 Mitchell Rd., Ceres, California; and
 - k. 5519 E. Hatch Rd., Hughson, California

C. Plaintiff asserts that Defendant-Debtor should be denied a discharge as provided in 11 U.S.C. § 727(a)(4).

SUMMARY OF ANSWER

Kamaldip Dhami (“Defendant-Debtor”), represented by counsel, filed an Answer (Dckt. 9) that admits and denies specific allegations in the Complaint. The Defendant-Debtor asserts affirmative defenses, including: (1) Doctrine of Setoff and Recoupment, (2) Doctrine of Estoppel, and (3) that Defendant-Debtor has amended his Schedules in the bankruptcy case.

The Answer also makes a demand for a jury trial on the question of whether Defendant-Debtor should be denied a discharge.

STATUS CONFERENCE STATEMENTS

The Parties filed a Joint Discovery Plan on February 25, 2020. Dckt. 10. The Joint Discovery Plan addresses in detail the scheduling issues.

REQUIRED PLEADING OF CORE AND NON-CORE MATTERS, CONSENT OR NON-CONSENT TO NON-CORE MATTER

At the February 27, 2020 Status Conference, Defendant-Debtor’s counsel addressed the issue of whether this was a core or non-core matter, concurring that it was core and consenting, to the extent non-core, to the bankruptcy judge issuing all orders and the final judgment.

Demand for Jury Trial

The Answer makes a demand for a jury trial. The issue presented to the court arises under the Bankruptcy Code enacted by Congress in 1978. It is not clear what Constitutional ^{FN.2.} basis exists for a jury trial demand for the adjudication of the issues arising under these 20th Century statutory issues arising under 11 U.S.C. § 727.

FN. 2. U.S. Constitution, Amendment VII provides:

In Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law.

At the hearing, counsel for Defendant stated that the demand for a jury trial was withdrawn, this being an action arising under 11 U.S.C. § 727.

FINAL BANKRUPTCY COURT JUDGMENT

Plaintiff Wilmington Trust, N.A., as Trustee, alleges in the Complaint that jurisdiction for this Adversary Proceeding exists pursuant to 28 U.S.C. §§ 1334 and 157(b)(2), and that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(7), for the determination of whether Defendant-Debtor should be granted

a discharge in his Chapter 7 bankruptcy case. Complaint ¶¶ 1, 4, Dckt. 1. In the Answer, Defendant Kamaldip Dhami does not admit or deny the allegations of jurisdiction and core proceedings. Answer ¶¶ 1, 4, Dckt. 9. To the extent that any issues in the existing Complaint as of the Status Conference at which the Pre-Trial Conference Order was issued in this Adversary Proceeding are “related to” matters, the parties consented on the record to this bankruptcy court entering the final orders and judgement in this Adversary Proceeding as provided in 28 U.S.C. § 157(c)(2) for all issues and claims in this Adversary Proceeding referred to the bankruptcy court.

The court shall issue an Trial Setting in this Adversary Proceeding setting the following dates and deadlines:

- A. Evidence shall be presented pursuant to Local Bankruptcy Rule 9017-1.
- B. **Plaintiff** shall lodge with the court and serve their Direct Testimony Statements and Exhibits on or before -----, **2021**.
- C. **Defendant** shall lodge with the court and serve their Direct Testimony Statements and Exhibits on or before -----, **2021**.
- D. The Parties shall lodge with the court, file, and serve Hearing Briefs and Evidentiary Objections on or before -----, **2021**.
- E. Oppositions to Evidentiary Objections, if any, shall be lodged with the court, filed, and served on or before -----, **2021**.
- F. The Trial shall be conducted at ----**x.m. on** -----, **2021**.

The Parties in their respective Pretrial Conference Statements, Dckts. -----, -----, and as stated on the record at the Pretrial Conference, have agreed to and establish for all purposes in this Adversary Proceeding the following facts and issues of law:

Plaintiff(s)

Defendant(s)

Jurisdiction and Venue:

Plaintiff Wilmington Trust, N.A., as Trustee, alleges in the Complaint that jurisdiction for this Adversary Proceeding exists pursuant to 28 U.S.C. §§ 1334 and 157(b)(2), and that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(7), for the determination of whether Defendant-Debtor should be granted a discharge in his Chapter 7 bankruptcy case. Complaint ¶¶ 1, 4, Dckt. 1. In the Answer, Defendant Kamaldip Dhami does not admit or deny the allegations of jurisdiction and core proceedings. Answer ¶¶ 1, 4, Dckt. 9.

To the extent that any issues in the existing Complaint as of the Status Conference at which the Pre-Trial Conference Order was issued in this Adversary Proceeding are “related to” matters, the parties consented on the record to this bankruptcy court entering the final orders and judgement in this Adversary Proceeding as provided in 28 U.S.C. § 157(c)(2) for all issues and claims in this Adversary

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Proceeding referred to the bankruptcy court.

Undisputed Facts:

1. Debtor failed to include the following information on his Schedules that were originally filed on August 19, 2019:

a. Debtor stated that he did not have any income from employment or from operating a business during the current year or the two previous calendar year prior to filing bankruptcy; however, Debtor was actually a real estate agent and received commissions from sales of properties;

b. Debtor stated that within two years before filing bankruptcy, Debtor did not give any gifts with a total value of more than \$600 to any person; however, Debtor transferred his joint tenancy interest in the real property located at 1986 Bridget Marie Drive, Modesto, California in November 2017 to Ranjit K. Dhami and Harnit K. Dhami for no consideration;

c. Debtor stated that within four years before filing bankruptcy, Debtor (i) only owned or had in interest or (ii) was a member or an officer or director of Kirksville Hospitality, Inc. and Kirksville Hotel Management, LLC; however, Debtor also owned or had an interest in or was a member or an officer or director of or had a connection with (a) Gold Management, Inc.; (b) Kamhar Gold LLC; (c) HS Gold Mine, LLC; (d) K & K Gold LLC and (e) Dhami Investments LLC;

d. Debtor stated that he did not hold any negotiable or non-negotiable instruments; however, Plaintiff Debtor failed to disclose that he was the holder of three promissory notes totaling \$360,000;

e. Debtor stated that no tax refunds were due to him; however, Debtor failed to disclose that he was entitled to a \$3,000 tax refund; and

f. Debtor stated that he did not own or have any legal or equitable interest in any business-related property and that there have been no property transfers

Undisputed Facts:

1. Defendant had 341 meeting on August 19, 2019 that was adjourned to allow Defendant time to amend statement of facts and schedules.

2. Defendant filed amended Schedules A - J Statement of Financial Affairs Individual on November 18, 2019 [19-90751-E-7 Docket No. 83].

3. Defendant filed amended Statement of Financial Affairs on November 18, 2019 [19-90751-E-7 Docket No. 84].

4. Defendant further amended Schedules A - J Statement of Financial Affairs Individual on November 27, 2019 [19-90751-E-7 Docket No. 89].

5. Defendant conclude 341 meeting on December 3, 2019, to the Trustee's satisfaction.

6. Debtor has been truthful in all filings and schedules, to the satisfaction of the Trustee.

7. Defendant was truthful and amended all schedules accordingly and acted without malice or fraudulent pretenses.

8. All items required to be disclosed and listed on schedules were done by Defendant.

<p>within the two years prior to filing bankruptcy; however, Debtor and/or his related entities had a legal or equitable interest in numerous business-related properties or that may have been transferred within the two years prior to filing bankruptcy:</p> <ul style="list-style-type: none"> (i) 7041-7047 W. Florissant Ave., St. Louis, Missouri; (ii) 9955 Lewis and Clark Blvd., St. Louis, Missouri; (iii) 1101 E. Normal, Kirksville, Missouri; (iv) 13210 New Halls Ferry Rd., Florissant, Missouri; (v) 419 Dunn Rd., Florissant, Missouri; (vi) 7116 Page Ave., St. Louis, Missouri; (vii) 1801 N. Baltimore St., Kirksville, Missouri; (viii) 2324 Lake Ave., Fort Wayne, Indiana; (ix) 7000~7010 Hughson Ave., Hughson, California; (x) 1801 Mitchell Rd., Ceres, California; (xi) 5519 E. Hatch Rd., Hughson, California. 	
<p>Disputed Facts:</p> <ol style="list-style-type: none"> 1. Within 4 years before filing bankruptcy, Debtor owned and/or had a connection with Dhama Investments LLC; 2. Within 4 years before filing bankruptcy, Debtor owned and/or had a connection with Kamhar Gold LLC; 3. Within 4 years before filing bankruptcy, Debtor owned and/or had a connection with H & S Gold Mine LLC. 	<p>Disputed Facts:</p> <ol style="list-style-type: none"> 1. Plaintiff contends that the Debtor knowingly and fraudulently made a false oath or account in his Schedules that were filed on August 19, 2019. 2. Defendant's ownership of Dhama Investments LLC. 3. Defendant's ownership of Kamhar Gold LLC. 4. Defendant's ownership of H & S Gold

	Mine LLC.
<p>Disputed Evidentiary Issues:</p> <p>1. None Identified</p>	<p>Disputed Evidentiary Issues:</p> <p>1. None Identified</p>
<p>Relief Sought:</p> <p>1. Defendant-Debtor denied a discharge as provided in 11 U.S.C. § 727(a)(4).</p>	<p>Relief Sought:</p> <p>1. Defendant-Debtor being granted a discharge in his bankruptcy case.</p>
<p>Points of Law:</p> <p>1. 11 U.S.C. § 727(a)(4)</p>	<p>Points of Law:</p> <p>1. 11 U.S.C. § 727(a)(4)</p>
<p>Abandoned Issues:</p> <p>1. None Identified</p>	<p>Abandoned Issues:</p> <p>1. None Identified</p>
<p>Witnesses:</p> <p>1. Kamaldip S. Dhami, Defendant-Debtor</p>	<p>Witnesses:</p> <p>1. Kamaldip S. Dhami</p> <p>2. Dhami Investments, LLC</p> <p>3. H&S Gold Mine, LLC</p> <p>4. Kamhar Gold, LLC</p>
<p>Exhibits:</p> <p>a. Judgment entered on August 24, 2018 in the Circuit Court of Adair County, State of Missouri against Kirksville Hospitality, Inc. and Debtor, Case No. 17 AR~CV00902;</p> <p>b. Application for Entry of Judgment on Sister State Judgment filed on November 9, 2018 in the Superior Court of California, County of Stanislaus, Case No. CV18003886;</p> <p>c. Notice of Entry of Judgment on Sister State Judgment filed on November 9, 2018, in the Superior</p>	<p>Exhibits:</p> <p>1. Debtor's Chapter 7 Petition and Schedules filed August 19, 2019;</p> <p>2. Debtor's Amended Schedules filed November 18, 2019;</p> <p>3. Debtor's Amended Statement of Financial Affairs filed November 20, 2019;</p> <p>4. Debtor's Amended Schedules and Statement of Financial Affairs filed November 27, 2019;</p>

<p>Court of California, County of Stanislaus, Case No. CV1 8003886;</p> <p>d. Debtor's Chapter 7 Petition and Schedules filed August 19, 2019;</p> <p>e. Debtor's Amended Schedules filed November 18, 2019;</p> <p>f. Debtor's Amended Statement of Financial Affairs filed November 20, 2019;</p> <p>g. Debtor's Amended Schedules and Statement of Financial Affairs filed November 27, 2019;</p> <p>h. Limited Liability Company Articles of Organization for Dhami Investments LLC filed June 15, 2006 with the California Secretary of State;</p> <p>i. Secretary of State Statement of Information for Dhami Investments LLC filed April 3, 2018 with the California Secretary of State;</p> <p>j. Grant deed recorded February 26, 2014 whereby the real property located at 1801 Mitchell Avenue, Ceres, California was transferred by Ranjit K. Dhami, Maluk S. Dhami and Debtor to Dhami Investments LLC;</p> <p>k. Grant deed recorded January 5, 2018 whereby the real property located at 7000 and 7010 Hughson Avenue, Hughson, California was transferred by Dhami Investments LLC to Rodolfo Ruvalcaba and Mabel Mayahuel Ruvalcaba;</p> <p>l. Grant deed recorded March 8, 2019 whereby the real property located at 5519 E. Hatch Rd., Hughson, California was transferred by Bruce L. Baldwin and Sharon K. Baldwin, as husband and wife, and Ronald E. Baldwin, as Successor Trustee, to Dhami Investments LLC;</p> <p>m. Gold Management Inc. by-laws dated April 22, 2013;</p> <p>n. Gold Management Inc. 2015 Missouri Annual Registration Report;</p>	<p>5. Assignment of Promissory Note filed by the Trustee on November 9, 2020;</p> <p>6. Statement of Information for Dhami Investments LLC for 2016, 2017; 2018 and 2019.</p> <p>7. Statement of Information for H & S Gold Mine LLC or 2016, 2017; 2018 and 2019.</p> <p>8. Statement of Information for Kamhar Gold LLC or 2016, 2017; 2018 and 2019.</p>
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<p>o. Gold Management Inc. 2017 Missouri Annual Registration Report;</p> <p>p. Special Warranty Deed recorded May 25, 2017 whereby the real property located at 7116 Page Avenue, St. Louis, Missouri, was transferred from 7112 Page, LLC to Gold Management Inc.;</p> <p>q. Purchase and Sale Agreement dated May 2017 for purchase of 7116 Page Avenue by Gold Management Inc.;</p> <p>r. Preliminary Borrower's Closing Statement dated May 17, 2017 for purchase of property located at 7116 Page Ave.;</p> <p>s. Corporation Warranty Deed recorded May 5, 2015 whereby the real property at 1101 E. Normal, Kirksville, Missouri, was transferred from Orskog, Inc. to Gold Management Inc.;</p> <p>t. Settlement Statement for sale of 1101 E. Normal Street dated May 5, 2015;</p> <p>u. Promissory Note dated May 8, 2015 between Orskog, Inc. and Gold Management Inc. in the sum of \$50,000;</p> <p>v. Resolution of Board of Directors of Gold Management Inc. dated May 1, 2015;</p> <p>w. Special Warranty Deed recorded July 29, 2015 whereby the real property located at 1801 N. Baltimore St., Kirksville, Missouri, was transferred from Wenco of Carbondale, Inc. to Gold Management Inc.;</p> <p>x. Seller's Statement dated July 23, 2015 for property located at 1801 N. Baltimore St.;</p> <p>y. Correspondence dated July 28, 2015 from Jerry Staedder of GRS Title Services, LLC to Debtor and Gold Management Inc. regarding 1801 N. Baltimore St.;</p> <p>z. General Warranty Deed recorded November 3, 2016 whereby the real property located at 419 Dunn Rd., Florissant, Missouri was transferred from Tac's Plaza</p>	
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<p>Group, LLC to Debtor;</p> <p>aa. Check No. 1043 dated October 12, 2016 from Dhami Investments LLC payable to St Louis Title for \$5,000 for earnest money deposit for 419 Dunn Rd.;</p> <p>bb. Quitclaim Deed recorded July 25, 2017 whereby the real property located at 419 Dunn Rd., Florissant, Missouri was transferred from Debtor to Gold Management Inc.;</p> <p>cc. Verified Petition for Rent and Possession for Commercial Lease filed in the Missouri Circuit Court for the Twenty-First Circuit St. Louis County, in the matter entitled Kamaldip S. Dhami v. Dr. William A. Straughn, Case No. 17SL-AC04697 for the property located at 1365 and 1375 S. Lafayette St., Florissant, Missouri;</p> <p>dd. K & K Gold LLC Missouri Articles of Organization filed November 14, 2016;</p> <p>ee. Kamhar Gold LLC Missouri Articles of Organization filed July 29, 2015;</p> <p>ff. Operating Agreement of Kamhar Gold LLC dated August 3, 2015;</p> <p>gg. Bank of Missouri signature card dated August 24, 2015 for Kamhar Gold LLC;</p> <p>hh. Special Warranty Deed recorded December 13, 2016 whereby the real property located at 7041-7047 W. Florissant Ave., Florissant, Missouri was transferred from Lynnmark, Inc. to Kamhar Gold LLC;</p> <p>ii. Verified Petition for Rent and Possession for Commercial Lease filed in the Missouri Circuit Court for the Twenty-First Circuit St. Louis County, in the matter entitled Kamaldip S. Dhami v. Ladell M Owens d/b/a Right Now, Case No. 17SL-AC07644 for the property located at 7047 W. Florissant Ave., Florissant, Missouri;</p> <p>jj. Special Warranty Deed recorded July 5, 2017 whereby the real property located at 13210 New Halls Ferry Road, Florissant, Missouri, was transferred from</p>	
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<p>Maroon Lusher Holdings, LLC to Kamhar Gold LLC;</p> <p>kk. HS Gold Mine LLC Missouri Articles of Organization filed October 25, 2017;</p> <p>ll. General Warranty Deed recorded November 20, 2017 whereby the real property located at 9955 Lewis and Clark Blvd., St. Louis, Missouri, was transferred from Hal O. Collier and Lewis & Clark 195, LLC to HS Gold Mine LLC;</p> <p>mm. Special Sale Contract dated October 24, 2017 for purchase of 9955 Lewis and Clark by Gold Management Inc.;</p> <p>nn. Amendment to Sale Contract dated October 30, 2017 changer buyer to HS Gold Mine LLC;</p> <p>oo. Check No. 1092 dated October 26, 2017 from Gold Management Inc. payable to Resolutions Title for \$5,000 for earnest money deposit for 9955 Lewis and Clark Blvd.;</p> <p>pp. CoStar listing for 9955-9989 Lewis and Clark Blvd. dated October 11, 2019 showing Debtor as true owner;</p> <p>qq. Grant Deed recorded November 17, 2017 whereby the real property located at 1986 Bridget Marie Dr., Modesto, California was transferred from Ranjit K. Dhami and Debtor to Ranjit K. Dhami and Harnit K. Dhami;</p> <p>rr. Promissory Note dated February 2, 2016 between Kuldip Singh and Kamaldip Dhami in the sum of \$300,000;</p> <p>ss. Promissory Note between Shivneel Sujendra Prasad and Kamaldip Dhami for \$15,000;</p> <p>tt. Promissory Note between Karenjit Sandhu and Kamaldip Dhami for \$45,000;</p> <p>uu. Recordings of 341(a) meetings of creditors held on October 15, 2019, November 19, 2019, and December 3, 2019.</p>	
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Discovery Documents: 1. None Identified	Discovery Documents: 1. None Identified
Further Discovery or Motions: 1. None Identified	Further Discovery or Motions: 1. None Identified
Stipulations: 1. None Identified	Stipulations: 1. None Identified
Amendments: 1. None Identified	Amendments: 1. None Identified
Dismissals: 1. None Identified	Dismissals: 1. None Identified
Agreed Statement of Facts: 1. Possible	Agreed Statement of Facts: 1. Possible
Attorneys' Fees Basis: 1. None Identified	Attorneys' Fees Basis: 1. None Identified
Additional Items 1. None Identified	Additional Items 1. None Identified
Trial Time Estimation: Two to Three Days	Trial Time Estimation: Two to Three Days

FINAL RULINGS

2. [18-90029-E-11](#) **JEFFERY ARAMBEL** **CONTINUED STATUS CONFERENCE RE:**
[20-9008](#) **AMENDED COMPLAINT**
ARAMBEL V. LBA RV-COMPANY **11-6-20 [45]**
XX.VII, LP

Final Ruling: No appearance at the March 25, 2021 Status Conference is required.

The Status Conference is continued to 2:00 p.m. on May 20, 2021.

The Parties have notified the courtroom deputy for Department E that they are documenting a settlement and a motion to approve compromise as provided in Federal Rule of Bankruptcy Procedure 9019 will be filed.

Continuance of the Status Conference is warranted to allow the Parties to focus their attention, and resources, on the settlement.

3. [18-90029-E-11](#) **JEFFERY ARAMBEL** **CONTINUED STATUS CONFERENCE RE:**
[20-9008](#) **MRP-2** **MOTION TO DISMISS CAUSE(S) OF**
ARAMBEL V. LBA RV-COMPANY **ACTION FROM AMENDED COMPLAINT**
XX.VII, LP **11-20-20 [47]**

Final Ruling: No appearance at the March 25, 2021 Status Conference is required.

The Status Conference is continued to 2:00 p.m. on May 20, 2021.

The Parties have notified the courtroom deputy for Department E that they are documenting a settlement and a motion to approve compromise as provided in Federal Rule of Bankruptcy Procedure 9019 will be filed.

Continuance of the Status Conference is warranted to allow the Parties to focus their attention, and resources, on the settlement.

Final Ruling: No appearance at the March 25, 2021 Status Conference is required.

The Status Conference is continued to 2:00 p.m. on June 3, 2021.

MARCH 25, 2021 STATUS CONFERENCE

The Chapter 11 Trustee filed her updated Status Report on March 19, 2021. Dckt. 156. The Trustee reviews the remaining matters to be addressed concerning administrative expenses and the ultimate dismissal of this case.

The court concurs that the Status Conference should be continued to a sufficiently late enough date to allow for the hearing of the administrative expense motions, the final report addressed, and a motion to dismiss heard.